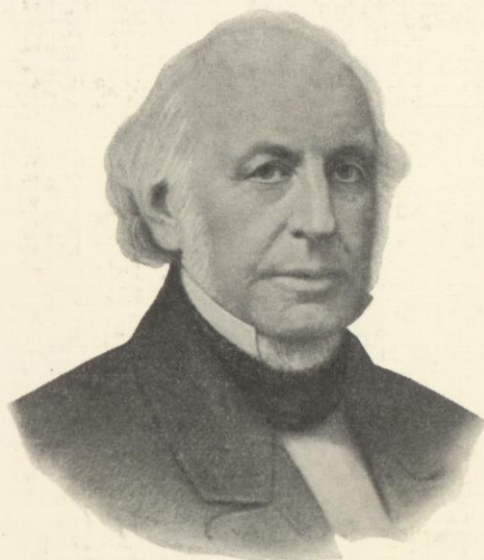


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MATTHIAS W. BALDWIN, FOUNDER

ANNUAL REPORT  
1936

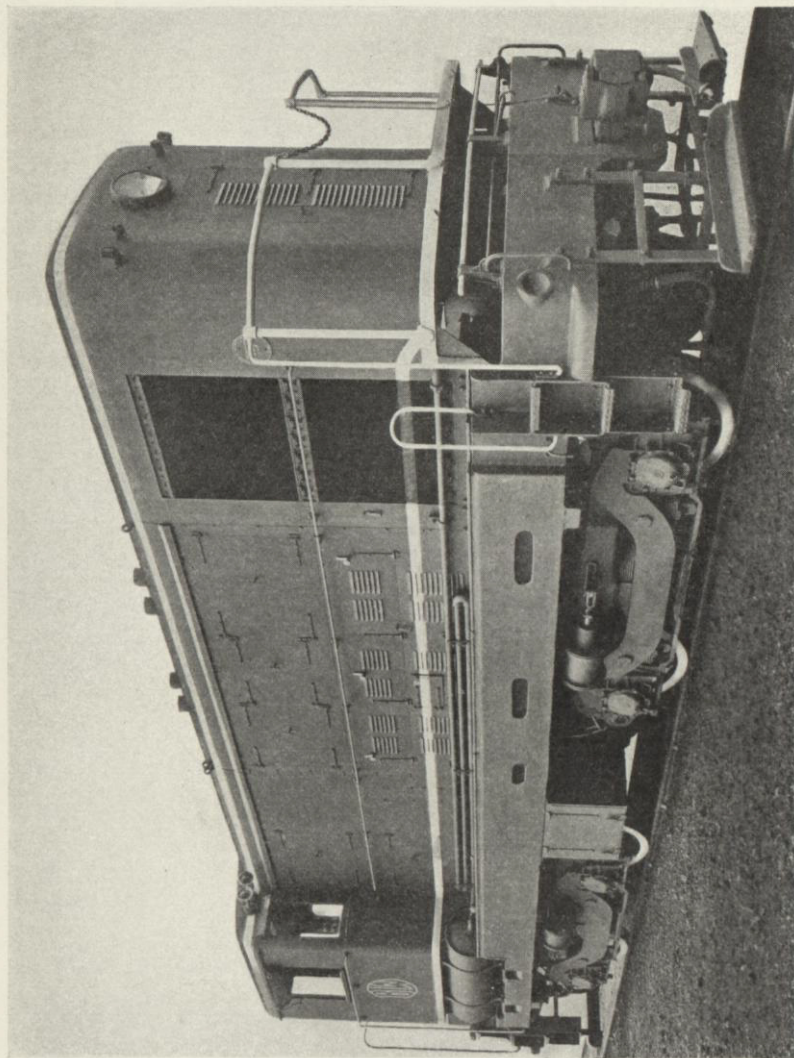
THE  
BALDWIN LOCOMOTIVE WORKS  
CONSOLIDATED

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660 H. P. DIESEL ELECTRIC SWITCHING LOCOMOTIVE



TWENTY-SIXTH ANNUAL REPORT

THE  
BALDWIN LOCOMOTIVE WORKS  
PHILADELPHIA, PA.



*CONSOLIDATED WITH*

STANDARD STEEL WORKS COMPANY  
CRAMP BRASS AND IRON FOUNDRIES COMPANY  
BALDWIN-SOUTHWARK CORPORATION  
DE LA VERGNE ENGINE COMPANY  
THE PELTON WATER WHEEL COMPANY  
THE WHITCOMB LOCOMOTIVE COMPANY  
THE MIDVALE COMPANY  
*and*  
SUBSIDIARIES

*December 31, 1936*

# THE BALDWIN LOCOMOTIVE WORKS

Incorporated under the Laws of the State of Pennsylvania

## DIRECTORS

SAMUEL M. VAUCLAIN  
SYDNEY E. HUTCHINSON  
ARTHUR W. SEWALL  
FRANCIS M. WELD  
JOSEPH N. EWING  
GEORGE H. HOUSTON  
EDWARD F. FISHER  
THOMAS NEWHALL  
JOHN P. SYKES  
W. HINCKLE SMITH  
LIVINGSTON E. JONES  
CONRAD N. LAUER  
ROBERT C. SHIELDS

Rosemont, Pa.  
Philadelphia  
Philadelphia  
New York City  
Philadelphia  
Philadelphia  
Detroit  
Philadelphia  
Philadelphia  
Philadelphia  
Philadelphia  
Philadelphia  
Detroit

## OFFICERS

SAMUEL M. VAUCLAIN  
GEORGE H. HOUSTON  
JOHN P. SYKES  
ROBERT S. BINKERD  
HARRY GLAENZER  
CHARLES E. ACKER  
CHARLES D. MACGILLIVRAY  
CARLOS F. NOYES

Chairman of the Board  
President  
Vice-President  
Vice-President and Director of Sales  
Vice-President in Charge of Engineering  
Treasurer  
Secretary  
Comptroller

## GENERAL COUNSEL

MORGAN, LEWIS & BOCKIUS  
Philadelphia

## PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA



## TRANSFER AGENTS

### IN PHILADELPHIA:

Fidelity-Philadelphia Trust Company,  
135 South Broad Street

### IN NEW YORK:

Bankers Trust Co., 16 Wall Street

## REGISTRARS OF STOCK

### IN PHILADELPHIA:

The Pennsylvania Company for Insurances on Lives and Granting Annuities,  
15th and Chestnut Streets

### IN NEW YORK

Guaranty Trust Company of New York,  
140 Broadway

## TO THE STOCKHOLDERS:

The following report of the business of your Company, operating as Debtor in Possession in Proceedings for Reorganization in the District Court of the United States for the Eastern District of Pennsylvania, and of its subsidiary companies all in consolidated form, for the fiscal year ended December 31, 1936, is submitted on behalf of the Board of Directors. This report includes:

Summary of Operations since 1911.

Consolidated Balance Sheet as of December 31, 1936.

This Balance Sheet shows separately the assets and liabilities of The Midvale Company and of the consolidated Company other than The Midvale Company.

Consolidated Statements of Profit and Loss, Surplus and General Reserves for the year 1936.

Auditors' Report.

A copy of the annual report of The Midvale Company for the year 1936 is being mailed with this report for the further information of the stockholders as to the affairs of that company.

Consolidated sales for 1936, exclusive of intercompany transactions, totalled \$20,877,735.66. Sales of locomotive products amounted to \$3,737,185.20. 82 per cent of the total volume of business was outside of the locomotive field as compared with 67 per cent for the year 1935. Unfilled orders on hand at the end of 1936, without inter-company eliminations, totalled \$30,531,416 as compared with \$6,689,081 at the beginning of the year. Unfilled orders for new locomotives and tenders as of December 31st totalled \$20,197,227.

The year's operations resulted in a profit of \$447,194.89 before provision for depreciation and interest. From this amount there must be deducted depreciation reserves accrued of \$1,846,215.51, and interest charges accrued of \$1,086,228.89; and to it there must be added interest accrued upon First Mortgage Bonds held alive in the Sinking Fund. Of the interest of \$1,086,228.89 thus accrued, there was actually paid interest in the sum of \$133,800 on First Mortgage Bonds outstanding in the hands of the public, and miscellaneous interest of \$4,992.89.



Consolidated sales, sales of locomotive products and profit and loss results before interest and depreciation for the seven years from 1930 through 1936 were as follows:

	Consolidated Sales	Sales of Locomotive Products	Profit or Loss before Interest and Depreciation	
1930....	\$49,872,455.61	\$31,026,055.09	\$5,981,268.46	Profit
1931....	20,436,342.75	6,197,035.62	1,181,970.46	Loss
1932....	10,596,859.10	3,034,694.01	1,095,496.48	"
1933....	8,250,319.12	1,037,104.10	870,442.59	"
1934....	14,554,444.98	3,396,733.10	749,302.75	" *
1935....	19,462,746.53	6,484,928.30	499,416.67	Profit#
1936....	20,877,735.66	3,737,185.20	447,194.89	" #

(\* To be comparable with prior years, there should be deducted from the loss here shown, \$157,150 of interest, accrued and not paid when due on November 1, 1934, upon First Mortgage Bonds held alive in the Sinking Fund. Such interest should be taken up in income. Deducting this amount would leave a loss of \$592,152.75).

(# To be comparable with years prior to 1934 there should be added to the profit here shown \$321,300 of interest, accrued and not paid when due, upon First Mortgage Bonds held alive in the Sinking Fund. Such interest should be taken up in income. The addition of this amount would increase the indicated profit to \$820,716.67 for 1935 and to \$768,494.89 for 1936.)

The tax liabilities of all kinds accrued by the consolidated Company for the year 1936 amounted to \$1,226,384.36 as compared with \$688,222.81 for the year 1935 and \$807,628.35 for the year 1930 when the consolidated Company enjoyed a volume of sales of \$49,872,455.61.

The parent Company's investment in 100,800 shares of the common stock of General Steel Castings Corporation is carried at a net value of \$2,000,000. The original cost of this stock was \$5,002,950 with respect to which a reserve of \$3,002,950 was created in 1934. General Steel Castings Corporation continued to lose money during 1936. The value of its common stock on its own books is substantially less than that at which it is carried on the books of The Baldwin Locomotive Works. The prospects for 1937 are better, however, than they have been at any time since 1930, this company benefiting directly from the revival in demand for locomotives and cars.

Collections of current receivables were effected during the year in a satisfactory manner. Further progress in the collection of past due receivables, previously considered questionable, justified a

further reduction in the reserves provided in prior years for losses anticipated in these items. This reduction totalled \$376,800 and was effected by transfers to other reserves.

Inventories were increased during the year by about \$3,489,000 due largely to the increase in the volume of work in process arising from the increased volume of orders on hand. These inventories were checked throughout by physical count. Raw materials and bulk supplies were priced at the lower of cost or market. Miscellaneous supplies, work in process and finished products were priced at cost or less, a large portion being covered by sales orders at prices in excess of inventory values, the remainder being valued conservatively in the opinion of your officers by the provision of reserves for losses anticipated from obsolescence.

Consolidated net current assets, after deducting accrued and unpaid interest on the funded debt and unpaid installments due to the Sinking Fund for the First Mortgage, were decreased from \$9,628,652.50 on January 1st to \$8,323,013.08 on December 31st. Eliminating these deductions (other than interest accrued on First Mortgage Bonds outstanding in the hands of the public) would increase net current assets on December 31st to \$11,037,297.08 as compared with \$11,195,500.50 on January 1st. The net current assets of The Midvale Company, included in consolidated net current assets, were increased during the year from \$4,814,604.12 to \$5,492,146.37. The Midvale Company paid dividends during the year in the amount of \$998,612.50, of which the parent Company received \$614,500. The Standard Steel Works Company paid a dividend of \$640,000 to the parent Company in promissory notes, payable on or before January 1, 1940, and bearing interest at 4 per cent per annum. These notes are held by the Company subject to the provisions of the First Mortgage and to such Order of the United States District Court as may be made with respect thereto.

The increase in the volume of business booked has made necessary the procurement of additional working capital. To this end an Order was secured in December 1936 from the United States District Court authorizing the Company to borrow up to \$3,000,000 and to use as collateral for such loans its holdings of the capital stock of The Midvale Company. \$500,000 was borrowed under this authority prior to December 31, 1936.



General reserves carried in the sum of \$4,699,843.32 at December 31, 1936 include \$3,599,707.55 remaining of the general reserve created in 1934 for the purpose of effecting adjustments in the book value of certain items of property, plant and equipment and of investments. The final adjustment of these items has been determined upon but has not yet been effected. The reserve carried by The Midvale Company for shrinkage in the value of marketable securities was reduced during the year by transfer to general reserve of \$161,000.99.

A contract was entered into during the year for the demolition of a large portion of the Company's old plant at Broad and Spring Garden Streets, Philadelphia. This work should be finished during 1937. The book value of the buildings thus subject to demolition, net of salvage, has been charged off to depreciation reserve in the sum of \$3,060,006. The building occupying the area between 18th and 19th Streets and between Hamilton and Noble Streets, Philadelphia, has been leased to the North American Warehousing Company for a period of years. An additional contract was entered into for the demolition of the old Southwark Foundry and Machine Company plant, located at 4th Street and Washington Avenue, Philadelphia, owned by the Baldwin-Southwark Corporation. The book value of the buildings thus subject to demolition, net of salvage, has been charged off to surplus of the Baldwin-Southwark Corporation in the sum of \$84,964.50.

The outlook for the locomotive business, and for the other lines of heavy equipment in which the company is engaged, is more favorable than for some years. The locomotive inventory of Class I railroads has been reduced, largely by demolition, from about 64,000 locomotives at the beginning of 1926 to about 44,000 locomotives at the end of 1936. Carloadings have increased to a place where the reserve of stored, serviceable locomotives at January 1, 1937 is only about 2275. Locomotives now on order by Class I railroads total about 420 in number. More than 90 per cent of the inventory of locomotives, measured in aggregate tractive power, is more than ten years old, and, therefore, is not strictly modern in design or wholly suitable for present traffic conditions. There is little question but what the demand indicated by these conditions will continue to develop during the next few years if conditions of normal prosperity prevail. Your Company now has on hand a larger backlog of locomotive orders than at any time since 1930. These orders include electric locomotives, Diesel loco-

tives and streamlined, high-speed steam locomotives, your Company being prepared to build locomotives of each type.

Since February 1935 your Company has been undergoing reorganization under the provisions of Section 77B of the Federal Bankruptcy Act in proceedings in the District Court of the United States for the Eastern District of Pennsylvania. The necessity for these proceedings and their progress up to the end of 1935 were discussed in the last annual report. The proposed Plan of Reorganization, filed with the Court on August 8, 1935, was reported upon favorably by the Special Master appointed by the Court to consider it, after which it was submitted to the security holders for their consideration. Upon receipt of acceptances by or on behalf of the holders of the requisite amount of each class of bonds and capital stock, and pursuant to a reference by the Court upon petition by the Company, the Special Master found, and reported to the Court, that the required number of acceptances, in accordance with the provisions of Section 77B, had been received and filed by the Company. On January 25, 1937, in the United States District Court, at Philadelphia, Judge Dickinson heard arguments upon the petition of the Company for confirmation of the Plan of Reorganization, and also heard arguments upon such exceptions as had been filed to the Reports of the Special Master, Howard Benton Lewis, Esq., by minority holders of preferred and common stock of the Company. On February 4, 1937, Judge Dickinson filed an opinion in which he disposed of the questions that had been argued before him, and after giving his reasons for the conclusions which he reached, directed that a decree be prepared, to be entered by the Court, for the purpose of dismissing all exceptions and approving the Plan of Reorganization. This decree was entered by the Court on February 11th. In accordance therewith the Company will take such corporate action and will file such papers as may be required under the Plan of Reorganization to enable the Court to enter a final decree confirming the Plan of Reorganization and authorizing its consummation. The early consummation of the Plan is desirable and the efforts of your officers will continue to be directed to that end.

We wish to express our appreciation for the support and cooperation during the year of the officers and other members of the organization.

Respectfully submitted,

GEORGE H. HOUSTON,  
*President.*

February 12, 1937



# THE BALDWIN LOCOMOTIVE WORKS

Summary of Operations, July 1, 1911—December 31, 1936

Year	Gross Sales	Profit	Reserves, Etc.	Dividends	Increase In Surplus From Operations For Year	Adjustments	Surplus
1911 (6 mos.)	\$14,589,645.26	\$1,671,419.32	.....	\$900,000.00	\$771,419.32	.....	\$771,419.32
1912	28,924,335.16	3,698,571.44	.....	1,800,000.00	1,898,571.44	.....	2,669,990.76
1913	37,630,969.21	4,017,800.33	.....	1,800,000.00	2,217,800.33	.....	4,887,791.09
1914	13,616,163.36	365,229.92	\$15,000.00	1,800,000.00	1,449,770.08*	.....	3,438,021.01
1915	22,083,011.06	2,867,816.17	40,000.00	1,400,000.00	1,427,816.17	.....	4,865,837.18
1916	59,219,057.99	9,444,641.91	3,960,854.87	1,400,000.00	4,083,787.04	.....	8,949,624.22
1917	98,263,865.33	11,193,840.66	2,888,118.36	1,400,000.00	6,905,722.30	.....	55,346.52
1918	123,179,231.99	18,262,112.05	15,009,816.51	1,400,000.00	1,852,295.54	.....	1,907,642.06
1919	84,307,776.72	8,871,243.30	3,095,000.00	2,100,000.00	3,676,243.30	970,527.60	6,554,412.96
1920	73,542,666.49	8,407,269.75	3,978,751.03	2,800,000.00	1,628,518.72	2,830,505.69	11,013,437.37
1921	49,945,506.24	8,962,273.10	3,918,176.63	2,800,000.00	2,244,096.47	.....	13,257,533.84
1922	33,087,238.62	6,765,514.43	1,558,995.38	2,800,000.00	2,406,519.05	3,266,725.00	18,930,777.89
1923	102,762,075.28	11,931,521.93	8,215,057.62	2,800,000.00	916,464.31	.....	19,847,242.20
1924	26,080,352.27	1,920,026.77	600,000.00	2,800,000.00†	1,320,026.77	2,800,000.00†	18,367,268.97
1925	27,876,064.14	196,563.95	.....	2,800,000.00†	196,563.95	2,800,000.00†	15,763,832.92
1926	47,891,668.91	6,492,422.39	608,515.42	2,800,000.00†	5,883,906.97	2,800,000.00†	18,847,739.89
1927	32,901,143.07	3,705,446.70	1,263,246.87	2,800,000.00†	2,442,199.83	5,437,881.01§	15,852,058.71
1928	22,531,349.44	932,210.96	600,000.00	2,800,000.00†	332,210.96	3,074,377.08	13,109,892.59
1929*	42,796,586.76	4,651,920.01	1,710,000.00	2,837,629.11†	2,300,462.83	258,420.22	23,431,001.11
1930*	49,872,455.61	5,457,852.50	1,779,456.28	2,831,512.67	205,111.18	70,039.50	23,706,151.79
1931*	20,436,342.75	2,021,151.08* <sup>o</sup>	1,800,190.00	700,000.00	4,822,759.10*	1,553,758.16	17,329,634.53
1932*	10,596,859.10	2,331,417.12* <sup>o</sup>	1,846,022.08	.....	4,078,131.96*	139,447.48	13,112,055.09
1933*	8,250,319.12	2,003,896.35* <sup>o</sup>	1,848,477.80	.....	3,857,743.55*	3,579.24	9,250,732.30
1934*	14,554,444.98	1,602,022.97* <sup>o</sup>	1,856,233.79	.....	3,698,494.58*	3,534,850.23#	9,087,087.95
1935*	19,462,746.53	79,049.25* <sup>o</sup>	1,852,409.30	.....	2,119,738.04*	210,700.00	7,178,049.91
1936*	20,877,735.66	168,901.29* <sup>o</sup>	1,846,215.51	.....	2,163,949.51*	143,280.96	4,870,819.44
	\$1,085,279,652.05	\$111,947,062.11		\$45,569,141.78			

<sup>o</sup> Consolidated.

<sup>o</sup> Before Deduction of Subsidiary Company Minority Equities.

\* Deficit.

† From Reserves.

‡ For Dividends Subsequent Year.

§ Dividends 1928 and Accumulated Depreciation.

|| Dividends 1929 and Accumulated Depreciation.

# Represents increase in Capital Surplus created by reduction in stated value of common stock, less general reserve created in the sum of \$8,000,000 and miscellaneous adjustments.

# THE BALDWIN LO

(The Baldwin Locomotive Works, Parent Company, is in Proceedings for Reorganization in the D  
as the Debtor

## CONSOLIDATED BALANCE

ASSETS	Consolidated Total	Including Subsidiaries other than Midvale	The Midvale Company
Property, Plant and Equipment.....	\$68,545,815.76	\$56,458,194.24	\$12,087,621.52
Less Reserve for Depreciation.....	23,754,970.53	18,803,812.09	4,951,158.44
	<u>\$44,790,845.23</u>	<u>\$37,654,382.15</u>	<u>\$7,136,463.08</u>
First Mortgage Bond Sinking Fund:			
First Mortgage Bonds and Cash.....	\$7,326,430.24	\$7,326,430.24	—
First Mortgages on Real Estate owned by Company...	300,000.00	300,000.00	—
Receivable from the Company, per contra.....	1,253,300.00	1,253,300.00	—
	<u>\$8,879,730.24</u>	<u>\$8,879,730.24</u>	
Special Fund held by Trustee of First Mortgage Bonds subject to Order of U. S. District Court.....	\$12,500.00	\$12,500.00	—
Notes of Standard Steel Works Company held subject to provisions of the First Mortgage and to such Order of the U. S. District Court as may be made with re- spect thereto.....	\$640,000.00	\$640,000.00	—
Consolidated Mortgage Bond Sinking Fund.....	\$1,191.42	\$1,191.42	—
Investments:			
General Steel Castings Corporation Common Stock (at cost less reserve, \$3,002,950.00).....	\$2,000,000.00	\$2,000,000.00	—
*The Baldwin Locomotive Works Preferred Stock owned by The Midvale Company, 2,000 shares at cost (value at market quotation, December 31, 1936, \$180,000.00)	139,001.75	—	—
The Midvale Company stock at cost less capital distribution.....	—	926,879.38	—
Other Investments (less reserve, \$103,000.00).....	94,509.00	52,004.00	\$42,505.00
	<u>\$2,233,510.75</u>	<u>\$2,978,883.38</u>	<u>\$42,505.00</u>
Notes and Other Credit Instruments and Accounts Re- ceivable not realizable within one year (including past due foreign items, \$1,811,076.45, and less reserve, \$1,974,060.60).....	\$40,993.68	\$32,522.42	\$8,471.26
Current Assets:			
Cash on Deposit and on Hand .....	\$5,024,584.85	\$1,953,839.42	\$3,067,690.18
Sundry Securities (less reserve, \$300,000.00. Value at market quotations, December 31, 1936, \$253,048.00).	227,677.29	16,464.79	350,214.25
Notes and Other Credit Instruments and Accounts Re- ceivable due in 1937 (less reserve, \$218,602.78).....	2,027,542.40	1,277,386.98	776,790.74
Inventories of Raw Materials, Supplies, Work in Process and Finished Products (less reserve, \$668,330.62).	8,123,709.69	5,701,994.68	2,421,715.01
(Raw materials and bulk supplies are priced at the lower of cost or market. Miscellaneous supplies, work in process and finished products are priced at cost or less, a large portion being covered by sales orders at prices in excess of inventory value, the remainder being valued conservatively, in the opinion of the management, by the provision of reserves considered adequate for losses anticipated from obsolescence)			
	<u>\$15,403,514.23</u>	<u>\$8,949,685.87</u>	<u>\$6,616,410.18</u>
Deferred Charges.....	\$130,971.34	\$110,948.31	\$20,023.03
	<u>\$72,133,256.89</u>	<u>\$59,259,843.79</u>	<u>\$13,823,872.55</u>

See balance sheet notes on page 12



# COMOTIVE WORKS

strict Court of the United States for the Eastern District of Pennsylvania, and is included herein in Possession)

HEET, DECEMBER 31, 1936

LIABILITIES	Consolidated Total	Including Subsidiaries other than Midvale	The Midvale Company
First Mortgage 5% Sinking Fund Gold Bonds, due 1940, of which \$7,324,000 are in the Sinking Fund	\$10,000,000.00	\$10,000,000.00	—
Five Year 6% Consolidated Mortgage Bonds, due 1938..	\$10,435,600.00	\$10,435,600.00	—
Current Liabilities:			
Bank Loans Payable.....	\$500,000.00	\$500,000.00	—
Notes Payable.....	747,648.55	747,648.55	—
Accounts Payable.....	1,469,421.45	1,249,833.13	\$243,168.39
Advances Received on Sales Contracts .....	63,910.46	19,871.00	44,039.46
Accrued Accounts:			
Payroll, Commissions, etc.....	518,400.29	254,174.43	264,225.86
Federal and Pennsylvania Income Taxes.....	500,400.00	225,400.00	275,000.00
Other Taxes.....	542,251.56	383,423.21	158,828.35
Miscellaneous Interest.....	1,884.84	1,884.84	—
Interest Accrued on First Mortgage Bonds from No- vember 1, 1936 (other than that accrued on bonds held in the Sinking Fund).....	22,300.00	22,300.00	—
	\$4,366,217.15	\$3,404,535.16	\$985,262.06
Interest Accrued on Consolidated Mortgage Bonds from September 1, 1936.....	208,712.00	208,712.00	—
Matured Interest from September 1, 1934 to Septem- ber 1, 1936 on Consolidated Mortgage Bonds.....	1,252,272.00	1,252,272.00	—
	\$5,827,201.15	\$4,865,519.16	\$985,262.06
Payable to First Mortgage Bond Sinking Fund, per contra:			
Matured Interest on Bonds from May 1, 1934 to No- vember 1, 1936.....	\$799,750.00	\$799,750.00	—
Fixed Payments due May 1, 1935 and May 1, 1936..	400,000.00	400,000.00	—
Interest Accrued on Bonds from November 1, 1936..	53,550.00	53,550.00	—
	\$1,253,300.00	\$1,253,300.00	—
	\$7,080,501.15	\$6,118,819.16	\$985,262.06
General Reserves.....	\$4,699,843.32	\$4,399,969.67	\$299,873.65
Miscellaneous Reserves and Deferred Credits.....	402,469.15	88,950.92	313,518.23
	\$5,102,312.47	\$4,488,920.59	\$613,391.88
Equity of Minority Stockholders in the Capital Stock and Surplus of:			
The Midvale Company, 38.55%.....	\$4,712,821.77	—	—
The Whitcomb Locomotive Company, 8.05%.....	27,902.06	\$27,902.06	—
	\$4,740,723.83	—	—
Capital Stock and Surplus:			
Preferred Stock, 7% cumulative, \$100 par, Authorized and issued, 200,000 shares.....	\$20,000,000.00	\$20,000,000.00	—
Common Stock, no par: Authorized, 2,000,000 shares Issued, 1,155,860 "	11,053,300.00	11,053,300.00	—
(167,140 shares are held for issuance at \$5.00 per share upon exercise of warrants attached to consolidated mortgage bonds)			
Common Stock of The Midvale Company.....	—	—	\$10,574,621.02
Surplus (or Deficit) as per annexed statement, page 14.	4,870,819.44	1,714,698.02	1,650,597.59
	\$35,924,119.44	\$29,338,601.98	\$12,225,218.61
Less Common Stock in Treasury, 50,000 shares.....	1,150,000.00	1,150,000.00	—
	\$34,774,119.44	\$28,188,601.98	\$12,225,218.61
	\$72,133,256.89	\$59,259,843.79	\$13,823,872.55

See balance sheet notes on page 12

## BALANCE SHEET NOTES

\*The preferred stock of The Baldwin Locomotive Works owned by The Midvale Company, shown under Investments in the consolidated total assets, is included in Sundry Securities of The Midvale Company.

The capital stock of The Midvale Company owned by the parent Company and carried on its books at cost less capital distribution, is deposited as collateral for bank loans in accordance with a court Order authorizing the Company to borrow up to \$3,000,000 and to use its holdings of Midvale stock as collateral for such loans. \$500,000 was borrowed under this authority prior to December 31, 1936.

Sundry Securities include \$15,000 par value of U. S. Treasury 1 $\frac{3}{8}$ % Notes at cost of \$15,178.13, deposited by the parent Company to secure the payment in accordance with the Workmen's Compensation Law of Pennsylvania, of compensation on account of accidents.

Notes Payable include \$65,996.10 maturing subsequent to December 31, 1937, and \$640,000 of notes payable on or before January 1, 1940, issued by Standard Steel Works Company in payment of a dividend declared on its capital stock, which are held by the parent Company, as shown on the asset side of the balance sheet, subject to provisions of the First Mortgage and to such Order of the U. S. District Court as may be made with respect thereto.

Dividends on preferred stock unpaid since July 1, 1931, amount to \$38.50 per share.

The contingent liability for accrued interest resulting from failure to make payments to the First Mortgage Bond Sinking Fund when due, \$171,209.57, is offset by a contingent increase of like amount in the Sinking Fund.

The contingent liability for accrued interest on Consolidated Mortgage Bond interest matured and unpaid to September 1, 1936, amounts to \$81,397.68.



# THE BALDWIN LOCOMOTIVE WORKS

(The Baldwin Locomotive Works, Parent Company, is in proceedings for Reorganization in the District Court of the United States for the Eastern District of Pennsylvania, and is included herein as the Debtor in Possession)

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1936

Sales.....		\$20,877,735.66
Less:		
Cost of Sales, including Selling, Administrative and General Expenses.....	\$19,108,713.93	
Provision for Depreciation.....	1,846,215.51	
		<u>20,954,929.44</u>
Operating Loss.....		\$77,193.78
Other Income:		
Dividends.....	\$15,466.00	
Interest and Discount.....	452,244.71*	
Miscellaneous.....	134,715.79	
		<u>602,426.50</u>
Other Income less Operating Loss.....		\$525,232.72
Other Expenses:		
Interest.....	\$1,086,228.89*	
Miscellaneous (including profit participation for officers and other employees accrued by subsidiary companies, \$281,253.89).....	615,918.05	
Provision for Federal and Pennsylvania Income Taxes of Subsidiary Companies (including Federal surtax on undistributed profits, \$14,700.00).....	500,400.00	
		<u>2,202,546.94</u>
Loss for the Year.....		\$1,677,314.22
Equity of Minority Stockholders in:		
Net Profit of The Midvale Company.....	\$487,255.02	
Loss of The Whitcomb Locomotive Company.....	619.73	
		<u>486,635.29</u>
Loss Accrued to The Baldwin Locomotive Works Consolidated..		<u>\$2,163,949.51</u>

\* Each of these amounts includes \$321,300 of interest accrued but not paid on First Mortgage Bonds held in the Sinking Fund.

# THE BALDWIN LOCOMOTIVE WORKS

(The Baldwin Locomotive Works, Parent Company, is in Proceedings for Reorganization in the District Court of the United States for the Eastern District of Pennsylvania, and is included herein as the Debtor in Possession)

## CONSOLIDATED STATEMENT OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1936

	Consolidated Total	Including Subsidiaries other than Midvale	The Midvale Company
Balance January 1, 1936:			
Earned Surplus.....	—	—	\$1,383,042.43
Capital Surplus.....	\$7,178,049.91	\$756,945.09	—
Add:			
Profit for the Year 1936.....	—	—	1,266,167.66
	<u>\$7,178,049.91</u>	<u>\$756,945.09</u>	<u>\$2,649,210.09</u>
Deduct:			
Increase in reserve for inventory obsolescence of The Whitcomb Locomotive Company.....	\$31,975.17	\$31,975.17	—
Mark off of book value of buildings in process of demolition on Bald- win-Southwark property in Phila- delphia.....	84,964.50	84,964.50	—
Additional Federal income taxes of Standard Steel Works Company for 1934 and 1935.....	26,341.29	26,341.29	—
Loss for the Year 1936.....	2,163,949.51	2,328,362.15	—
Dividends Paid.....	—	—	\$998,612.50
	<u>\$2,307,230.47</u>	<u>\$2,471,643.11</u>	<u>\$998,612.50</u>
Balance of Surplus (or Deficit) at Decem- ber 31, 1936.....	<u>\$4,870,819.44</u>	<u>\$1,714,698.02</u>	<u>\$1,650,597.59</u>

## CONSOLIDATED STATEMENT OF GENERAL RESERVES FOR THE YEAR ENDED DECEMBER 31, 1936

Balance at January 1, 1936.....		\$4,158,414.34
Add transfers due to:		
Decrease in reserves for receivables.....		375,800.00
" " " " investments.....		80,376.73
" " " " sundry securities.....		161,000.99
		<u>\$4,775,592.06</u>
Deduct transfers due to:		
Increase of reserve for inventory obsolescence.....	\$40,140.00	
Mark down in book value of investment.....	30,748.74	
Loss on sale of mortgage.....	4,860.00	
		<u>75,748.74</u>
Balance at December 31, 1936.....		<u>\$4,699,843.32</u>



TO THE BOARD OF DIRECTORS OF  
THE BALDWIN LOCOMOTIVE WORKS:

We have made an examination of the balance sheet of The Baldwin Locomotive Works and of each of its subsidiary companies, except The Midvale Company, as at December 31, 1936, and of the statements of profit and loss, surplus and general reserves of each of these companies, except The Midvale Company, for the year 1936. We have examined also the consolidated balance sheets and the consolidated statements of profit and loss, surplus and general reserves presented herewith. The balance sheet and statement of profit and loss of The Midvale Company were examined by Messrs. Arthur Young & Company, a copy of whose report we received. The parent company has been in proceedings for reorganization in the District Court of the United States for the Eastern District of Pennsylvania since February 25, 1935, and is included herein as Debtor in possession. In connection with these examinations we examined or tested the accounting records and other supporting evidence of each of these companies, other than The Midvale Company, and obtained information and explanations from their officers; we also made a general review of the accounting methods and of the operating and income accounts for the year to the extent we considered appropriate in view of the internal accounting control, but we did not make a detailed audit of the transactions.

The inventory of raw materials and bulk supplies is priced at the lower of cost or market and all other inventory items are priced at cost or lower as stated more fully in the balance sheet.

In our opinion, based upon such examination and upon the report of the accountants upon their examination of The Midvale Company, the accompanying consolidated balance sheet and consolidated statements of profit and loss, surplus and general reserves fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the consolidated positions of the companies as at December 31, 1936, and the consolidated results of operations for the year then ended.

LYBRAND, ROSS BROS. & MONTGOMERY.

PHILADELPHIA, PENNA.  
February 8, 1937.

# THE BALDWIN LOCOMOTIVE WORKS

## DISTRICT SALES MANAGERS UNITED STATES

PHILADELPHIA, PA.	ARTHUR S. GOBLE	Eddystone
CHICAGO, ILL.	CHARLES RIDDELL	627 Railway Exchange
NEW YORK, N. Y.	JOSEPH F. HOERNER	120 Broadway
PORTLAND, ORE.	ARTHUR J. BEUTER	605 American Bank Bldg.
ST. LOUIS, MO.	CURTIS G. GREEN	1010 Pine Street
SAN FRANCISCO, CAL.	LATHAM McMULLIN	2910 Russ Building

## FOREIGN SALES REPRESENTATIVES AND AGENTS

EDWARD P. WILLIAMS, JR. - FOREIGN SALES MANAGER

AFRICA (SOUTH) .....	E. M. F. BUILDING, JOHANNESBURG .....	Edmunds Bros. & Marshall
ARGENTINA AND PARAGUAY .....	CALLE ZEPITA 3139, BUENOS AIRES, ARGENTINA .....	Fiore Co.
AUSTRALIA .....	31 REIBY PLACE, SYDNEY, NEW SOUTH WALES .....	R. Towns & Co.
	189 KING STREET, MELBOURNE, VICTORIA .....	Newell & Co., Pty., Ltd.
	860 HAY STREET, PERTH, WESTERN AUSTRALIA .....	Leslie & Co.
BRAZIL .....	RUA MAYRINK VEIGA No. 6, RIO DE JANEIRO .....	Norton, Megaw & Co. Ltd.
CENTRAL AMERICA AND SOUTH AMERICA .....		Clyde G. Pinney Technical Representative
CHILE AND BOLIVIA .....	VALPARAISO, CHILE .....	Wessel, Duval & Co. S. A. C.
CHINA .....	P. O. Box 265 SHANGHAI .....	Andersen, Meyer & Co., Ltd.



# FOREIGN REPRESENTATIVES AND AGENTS—(Continued)

COLOMBIA..... CALLE 16, No. 7-72, BOGOTA.....TOMAS LOPEZ

CUBA AND JAMAICA.....APARTADO 43, SAGUA  
LA GRANDE, CUBA....Macfarlane Foundry & Honolulu  
Iron Works S/A

ECUADOR.....CASILLA DE CORREOS 39,  
QUITO.....ANDINO, GONZALES y CIA.

GREAT BRITAIN AND EUROPEAN  
CONTINENT ..... 26 VICTORIA STREET,  
(Excluding Russia and Scandi-  
navia) ..... LONDON, S. W. 1.....Davis & Lloyd

HAWAIIAN ISLANDS.....J. A. Good  
P. O. Box 3470, *Technical Representative*  
HONOLULU.....C. Brewer & Co., Ltd.

INDIA, BURMA AND CEYLON..5 DALHOUSIE SQUARE,  
CALCUTTA.....L. Brooke Edwards

JAPAN.....YAESU BLDG., ROOM 525,  
MARUNOUCHI, TOKYO.....Frazar & Co.

MEXICO.....2A VENUSTIANO CARRANZA 48,  
MEXICO CITY, D. F.....Paul G. Cheatham

NEWFOUNDLAND.....154 DUCKWORTH STREET,  
ST. JOHNS.....HAROLD A. WALSH & Co.

NEW ZEALAND.....P. O. Box 366,  
WELLINGTON.....Philips & Pike, Ltd.

PERU.....APARTADO 146, LIMA.....Pedro Martinto

PHILIPPINES.....MANILA.....Pacific Commercial Co.

PUERTO RICO AND DOMINICAN BANK OF NOVA SCOTIA  
REPUBLIC.....BLDG., SAN JUAN, P. R.....R. Carrión

SCANDINAVIA.....TOLDBOGADEN No. 8,  
OSLO, NORWAY.....Olav Belsheim

VENEZUELA, TRINIDAD AND APARTADO 346,  
LESSER ANTILLES.....MARACAIBO, VENEZUELA.....T. D. Drew-Bear

# STANDARD STEEL WORKS COMPANY

Incorporated under the Laws of the State of Pennsylvania

## OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
JOHN P. SYKES	Vice-President
FRANK K. METZGER	Vice-President and General Manager
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary
CARLOS F. NOYES	Comptroller

## PLANT

BURNHAM, MIFFLIN COUNTY  
PENNSYLVANIA

# CRAMP BRASS AND IRON FOUNDRIES COMPANY

Incorporated under the Laws of the State of Delaware

## OFFICERS

GEORGE H. HOUSTON	Chairman of the Board
NORRIS H. SCHWENK	President
JAMES J. NELSON	Vice-President
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary



# BALDWIN-SOUTHWARK CORPORATION

Incorporated under the Laws of the State of Delaware

## OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
JOHN P. SYKES	Vice-President
WILLIAM H. HARMAN	Vice-President and General Manager
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary
CARLOS F. NOYES	Comptroller

## PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA

# DE LA VERGNE ENGINE COMPANY

Incorporated under the Laws of the State of New York

## OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
WILLIAM H. HARMAN	Vice-President
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary

# THE WHITCOMB LOCOMOTIVE COMPANY

Incorporated under the Laws of the State of Delaware

## OFFICERS

SAMUEL M. VAUCLAIN

GEORGE H. HOUSTON

JOHN P. SYKES

CHARLES E. ACKER

CHARLES D. MACGILLIVRAY

Chairman of the Board

President

Vice-President

Treasurer

Secretary

## PLANT

ROCHELLE, ILLINOIS

# THE PELTON WATER WHEEL COMPANY

Incorporated under the Laws of the State of California

## OFFICERS

GEORGE H. HOUSTON

WILLIAM H. HARMAN

EVERETT M. BREED

W. HORACE HOLCOMB

CHARLES E. ACKER

CHARLES D. MACGILLIVRAY

Chairman of the Board

Vice-Chairman of the Board

President

Vice-President

Treasurer

Secretary

## PLANT

SAN FRANCISCO, CALIFORNIA



# THE MIDVALE COMPANY

Incorporated under the Laws of the State of Delaware

## DIRECTORS

FRANCIS BRADLEY	Philadelphia
HARRY L. FREVERT	Philadelphia
STUART HAZLEWOOD	Philadelphia
GEORGE H. HOUSTON	Philadelphia
SYDNEY E. HUTCHINSON	Philadelphia
JAMES M. MILLIKEN	Philadelphia
THOMAS NEWHALL	Philadelphia
ARTHUR W. SEWALL	Philadelphia
ROBERT C. SHIELDS	Detroit
W. HINCKLE SMITH	Philadelphia
JOHN P. SYKES	Philadelphia
SAMUEL M. VAUCLAIN	Rosemont, Pa.
JOSEPH WAYNE, JR.	Philadelphia

## OFFICERS

GEORGE H. HOUSTON	Chairman of the Board
HARRY L. FREVERT	President
FRANCIS BRADLEY	Vice-President
STUART HAZLEWOOD	Vice-President in Charge of Sales
CHARLES D. MACGILLIVRAY	Secretary
JAMES M. MILLIKEN	Treasurer and Assistant Secretary

## PLANT

NICETOWN, PHILADELPHIA

